

# Chaplin Board of Finance *DRAFT – April 26, 2021*

## Executive Summary for Town Budgets in FY 2020-21, Proposed for FY 2021-22, and Estimated for FY 2022-23

The intent of this Executive Summary is to inform the public about the current fiscal year budget performance and also to highlight factors having the potential to affect Chaplin's FY 2021-22 budget and overall financial position.

### FY 2020-21 Budget Performance (Current Year):

#### ▪ Revenues vs. Expenditures:

- Current projections now indicate that the town government budget will show a surplus of approximately \$165,215 by June 30, 2021.
- This projection is based on current expenditure rates and does not account for any as-yet-unknown potential one-time additional expenditures.
- This compares to a projected surplus of \$172,609 when the budget was formulated last year following approval of the State budget for FY 2020-21.
- Continued strong tax collections, and level State funding, are largely responsible for the consistent budget performance.

#### ▪ Significant Capital Equipment purchases and Infrastructure upgrades during the current year:

- Approximately \$238,700 was invested in the paving, repair and chip sealing of the Town's roads.
- Capital funds in the amount of \$110,000 were set aside for vehicle and equipment replacement, infrastructure repairs, and tree removal.
- Funding in the amount of \$150,000 was used to replace the Fire Department's outdated Self Contained Breathing Apparatus (SCBA) system.
- At Chaplin Elementary School, \$20,000 was used to replace carpet with tile in various classroom, hallway, and office areas.

#### ▪ The Town's General Fund Unassigned Fund Balance:

- The Unassigned Fund Balance was \$1,408,073 at the beginning of this fiscal year - 16.8% of Expenditures.
- The Board of Finance has Committed/Assigned the following Fund Balances:
  - Committed-Future replacement of England Road bridge, purchase of fire truck, and other projects: \$400,000
  - Assigned-Balance following fiscal year budget (FY 2021-22) \$150,209
- The Unassigned Fund Balance is projected to be \$1,723,079 at the end of the fiscal year – 19.37 % of Expenditures.

### FY 2021-22 (Board of Finance Proposed Budget to be approved for next Fiscal Year):

#### ▪ Mill Rate:

- The October 2020 Grand List decreased by \$4,187,579 or 1.94%. This decrease was mainly due to depreciation of recently installed equipment at the Algonquin gas transmission station on Tower Hill Road. This depreciation of equipment will continue to negatively impact the Grand List and tax revenue for the next several years.
- **The Board of Finance recommends that the current mill rate of 32.5 mills be maintained for FY 2021-22.**

#### ▪ Revenues:

- Under the Governor's budget proposed in February 2021, Chaplin's State funding will remain essentially constant in FY 2021-22. **With the Board of Finance proposal to keep the mill rate at 32.5 mills, local tax revenues are projected to decrease by approximately \$102,608 or 1.13%.**
- A budget deficit of \$150,209 is projected. This projected deficit will be offset by use of the Town's Unassigned Fund Balance.

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### ▪ Expenditures:

- The total budget is \$9,108,794 with an overall budget increase of \$212,815 or 2.39%.
- The budget funds current Government Operations and Capital Projects with these changes from FY 2020-21:
  - Govt. Operations: A budget of \$2,065,422 - a decrease of approx. \$19,439 or -0.93%.
  - Capital Projects: A CIP Fund budget of \$294,657 – a decrease of \$88,790 or 23.16%.
    - Funding is continued for significant road maintenance of \$145,000 plus an additional \$70,000 for vehicle and equipment replacement, infrastructure repair, and tree removal.
    - \$20,000 is allocated to replace the failing generator at the Fire Dept. Emergency Command Center
    - A third installment of \$15,000 is also funded for the Chaplin 2022 Bicentennial Celebration.
- The budget funds both the Chaplin Elementary School (CES) and the Parish Hill Middle/High School (RSD11) budgets with these changes from FY 2020-21:
  - Chaplin Elementary School (CES): Budget of \$3,906,805 for an increase of \$69,212 or 1.8%.
  - Parish Hill Middle/High School (RSD11): Total budget of \$6,523,372 for an increase of 0.60%.
    - Chaplin’s RSD11 assessment is expected to increase dramatically from \$2,581,694 to \$2,830,725, an increase of \$247,922 or 10.42%. The increase was \$204,174 or 8.58% in the current (FY 20-21) fiscal year.
      - ✓ This increase in the Parish Hill assessment is largely due to an increase in the percentage of Chaplin students enrolled at PHMS/HS (37.45% in Oct. 2018, 40.08% in Oct. 2019, 43.78% in Oct. 2020).

### ▪ The Town’s General Fund Unassigned Fund Balance:

- The Unassigned Fund Balance is projected to decrease to \$1,390,834 – 15.27% of Expenditures at the end of the fiscal year. Please note that this projection cannot account for uncertainty in tax collections or funding from the State budget.

### *FY 2022-23 Budget (for Estimation purposes only):*

Factors likely to affect the FY 2022-23 budget follow. While many of these factors are simply *best estimates* based upon stated assumptions, taken together they do provide a general picture of the budget fundamentals for the year. Assumptions about the Mill Rate, Revenues, and Expenditures are as follows:

### ▪ Mill Rate:

- The Board estimates that the mill rate of 32.50 may increase to 34.25 for the FY 2022-23 fiscal year due to increased costs and decreasing revenue.

### ▪ Revenues:

- Without a mill rate increase, tax revenues are assumed to decrease by approximately \$1,847,815 or -2.06%. The Grand List for Real Estate is expected to remain flat while Personal Property is projected to continue decreasing by approximately -\$6,728,860 due to depreciation on the Algonquin and Eversource personal property accounts. Motor Vehicle values are projected to increase by 2.10%.
- State revenues are assumed to remain constant as proposed in the Governor’s February 2021 budget. However, any further reductions in the State budget for municipal aid will require a reassessment of our own budget priorities.

### ▪ Expenditures:

- Govt. Operation costs are estimated to increase by 2.0%.
- Capital Project funding is estimated to remain increase modestly in accordance with the Capital Plan (CIP) for FYs 2022-26.
- The combined education budgets for CES and PHMS/HS are assumed to increase by 2.0% due to continuing cost pressures. However, Chaplin’s RSD11 assessment for FY 2022-23 cannot be accurately estimated at this time. If it increases as much as the past two years (in excess of \$200,00/year) a commensurate tax increase will occur.

### ▪ The Town’s General Fund Unassigned Fund Balance:

- Even with a mill rate increase to 34.25, there will be a **substantial budget deficit of \$167,119 is anticipated.**
- The town’s Unassigned Fund Balance is estimated to decrease by \$374,549 to \$1,016,286 - approximately 10.93% of Expenditures as of June 30, 2022.
- Please note that this estimate excludes, by necessity, a large number of unknown factors on both the expenditure and revenue sides.